

PUBLIC UTILITIES COMMISSION

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Date: March 27, 2015

To: San Diego Gas and Electric

From: CPUC Ex Ante Review Staff

Cc: R.12-01-005 and R.13-11-005 Service Lists

Subject: Final 2013 Efficiency Savings and Performance Incentive Ex Ante Review Performance Scores

Pursuant to Decision (D).13-09-023, Commission staff and consultants completed the 2014 Efficiency Savings and Performance Incentive (ESPI) mechanism ex ante review performance scoring as prescribed in Attachments 5 and 7 of D.13-09-023. The scores contained in this memo are final and SDG&E shall use the final total points of 68 out of 100 to calculate the 2014 ESPI ex ante review component award. The final score is explained in more detail in Attachment A to this memo.

Attachments B and C of this memo provide the rationale Commission staff and consultants used for the final scoring. Attachment D provides a summary of dispositions issued during the custom projects review process in 2014 and 2013. Overall, Commission staff is encouraged by SDG&E's ex ante review activities. The quality and completeness of SDG&E's initial submittals, as well as coordination and collaboration with Commission staff and consultants, have shown significant improvement since the ex ante review performance incentive was put in place. Commission staff finds that SDG&E made concerted efforts to collaborate more fully with Commission staff, particularly on custom projects, and exhibited an increased intention to comply the Commission's ex ante review policies. There is, however, more work to be done to make SDG&E's ex ante review activities more consistent with Commission policies.

On July 15, 2014, Commission staff provided its 2014 mid-year feedback to SDG&E pursuant to Decision (D).13-09-023. Commission staff noted that the workpaper assessment for SDG&E was limited at this time given that Commission staff has not conducted a Phase 2 review of any of SDG&E's workpapers in 2014. As such, staff elected not to assess SDG&E in accordance with the majority of the metrics until a greater body of work is available to review. Staff expected that the workpaper updates submitted on June 30, 2014 to incorporate the 2014 codes and standards update into non-DEER measure savings estimates would inform the final 2014 Efficiency Savings and Performance Incentive ex ante review performance scores.

For custom review activities, at that time, Commission staff found SDG&E to generally be a good performer. Staff did note, however, that SDG&E's development of incremental measure

costs in custom projects needs improvement. Staff would continue to work with SDG&E and the other IOUs in the Custom Cost subgroup to establish better practices for developing incremental measure costs for custom projects and measures.

For the 2014 ex ante activities, Commission staff finds the following:

Workpaper:

Commission staff observed continued efforts on the part of SDG&E to improve their workpaper development processes, increase their analysis and utilization of DEER values and methods, and streamline the ex ante review process. SDG&E shows initiative in integrating workpapers, DEER data and the ex ante review process. It is clear to Commission staff that SDG&E is attempting to make changes that meet the intent of the ESPI metrics. Unfortunately, though “all the pieces are there,” SDG&E still has some significant steps to take so as not to introduce confusion in tying all of them together, as described in the detailed review below. SDG&E is an active participant in the California Technical Forum (CalTF) which Commission staff views as a positive mechanism positioned to contribute valuable additional review of workpapers prior to formal submission for Commission staff review. However, Commission staff notes that the utilities’ submissions to the CalTF are not adequately considering previous staff comments and direction on the measures and activities included in those workpapers.

Custom Projects:

For the 2014 year, Commission staff issued dispositions on 30 custom projects. In general Commission staff is seeing fewer projects with eligibility issues. However, we find that SDG&E is:

- Still having trouble with providing costs documentation, such as first/second baseline costs or did not provide IMC at all, or did not provide support for measure cost,
- Providing modeling that does not always work correctly, and
- Not providing, in some cases, responses in time for review (or providing calculations in PDF format rather than in the calculation spreadsheets).

We observed a disproportionate number of projects with inadequate baseline issues, EUL/RUL issues, methodology issues leading to savings estimate impact issues, M&V plan and M&V execution issues. Nevertheless, Commission staff is encouraged by SDG&E’s efforts to collaborate more fully with Commission staff and exhibited an increased intention to comply with the Commission’s ex ante review policies.

Although there continues to be improvement, staff reviews indicate that more progress is needed to improve due diligence and incorporate program changes to improve net results (reduce free ridership). Per Commission decision, “[w]e expect the utilities to respond to Commission Staff reviews, not just by accepting altered ex ante values, but by taking steps to change program activities to improve the Net-to-Gross results. We do not expect the utilities to curtail custom measure and project activities due to low gross savings or Net-to-Gross results. They should respond to any such poor results with programmatic

changes designed to improve performance.”¹ Staff will watch for such expected and directed program rule and design changes in the coming year as the data for 2015 ESPI scoring is compiled.

As can be seen in the tables within Attachment D, 88% of all custom project reviews in 2014 had issues and all of initial dispositions on new projects had issues with 44% of those initial new projects having significant issues. Although the rate of significant issues with initial dispositions on new projects is noticeably better performance that is seen with other utilities, this rate is still too high and staff expects SDG&E to take additional steps to reliably implement the Commission’s ex ante policies including robust due diligence but also appropriate program design changes to improve portfolio performance. SDG&E management should take steps to ensure that the entire utility energy efficiency staff, not just the engineering review activity staff, understands these expectations and takes action to improve the portfolio performance.

In accordance with D.13-09-023, the IOUs’ ex ante activities are assessed against a set of 10 metrics on a rating scale of 1 to 5. On this scale, 1 is a low score and 5 is a high score. A maximum score will yield 100 points. The 1-5 rating scale is distinguished as follows:

1. Consistent underperformer in meeting the basic Commission expectations;
2. Makes a minimal effort to meet Commission expectations but needs dramatic improvement;
3. Makes effort to meet Commission expectations, however improvement is required;
4. Sometimes exceeds Commission expectations while some improvement is expected; and
5. Consistently exceeds Commission expectations.

SDG&E’s final ESPI ex ante review points for 2014 are as follows:

Metric	Total Possible	Workpaper	Custom	Total Points
1a	5	1.5	2	3.5
1b	5	1.5	1.5	3
2	10	3	4	7
3	10	3	4	7
4	10	3	4	7
5	10	2.5	4	6.5
6a	5	1.5	1.5	3
6b	5	1.5	1.5	3
7	10	3	4	7
8	10	3	4	7
9	10	3.5	3	6.5

¹ D.12-05-012 at 61

Metric	Total Possible	Workpaper	Custom	Total Points
10	10	3.5	4	7.5
Total	100	30.5	37.5	68

It should be noted that in the preparation of the final 2014 ESPI ex ante review scores, Commission staff did not have all desired data available. For instance, Commission staff did not have enough time to conduct a comprehensive claims review for these scores. For custom projects, Commission staff reviewed the 2014 activities and dispositions issued. Commission staff based the scoring on the data available and did not speculate how any claims review would impact the final scores.

The intention of the ESPI ex ante review component is to motivate utilities to employ a superior level of due diligence to their activities and thus reduce the need for the extensive level of oversight currently undertaken by Commission staff and consultants. The due diligence expectations include complying with the Commission’s ex ante review policies and procedures in a manner that results in the development and reporting of reliable, defensible, and accurate ex ante estimates. Commission staff finds that all of the utilities still tend to rely on Commission staff input and analysis before finalizing ex ante estimates. While collaboration and information-sharing is always encouraged, Commission staff envisions that, through the feedback provided in this ESPI component and ongoing collaboration, the utilities’ internal ex ante review policies and activities will become sufficient such that Commission staff can devote more time and resources towards collaboration and less time to correcting or re-analyzing ex ante values on behalf of the utilities. Commission staff recognizes and commends the progress that has been made to date and encourages the utilities to continue to strive for excellence in this issue area.

If you have any questions or comments about the feedback or final scores, please contact Peter Lai (peter.lai@cpuc.ca.gov). Note that pursuant to D.13-09-023, Commission staff will schedule time with the utilities to discuss the final scores.

Attachment A: Final ESPI Ex Ante Review Scores

	Metric	Workpapers				Custom				Total
		Max Points	Score	Percent Score	Total Points	Max Points	Score	Percent Score	Total Points	
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting	2.5	3	60%	1.5	2.5	4	80%	2	3.5
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the post-submittal/ implementation phase: Timing of responses to requests for additional information	2.5	3	60%	1.5	2.5	3	60%	1.5	3
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	5	3	60%	3	5	4	80%	4	7
3	Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)	5	3	60%	3	5	4	80%	4	7
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input	5	3	60%	3	5	4	80%	4	7
5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)	5	2.5	50%	2.5	5	4	80%	4	6.5

Attachment A: Final ESPI Ex Ante Review Scores

6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	2.5	3	60%	1.5	2.5	3	60%	1.5	3
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	2.5	3	60%	1.5	2.5	3	60%	1.5	3
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience	5	3	60%	3	5	4	80%	4	7
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated	5	3	60%	3	5	4	80%	4	7
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods	5	3.5	70%	3.5	5	3	60%	3	6.5
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products	5	3.5	70%	3.5	5	4	80%	4	7.5
Total		50			30.5	50			37.5	68

2014 Efficiency Savings and Performance Incentive Ex Ante Performance – Workpaper Scores –

San Diego Gas and Electric

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/implementation phase: Timing of disclosure in relation to reporting	<ul style="list-style-type: none"> (1) Fraction of deemed measures for which workpapers have been submitted to Commission prior to measure being offered in the portfolio; (2) Fraction of workpapers disclosed prior to or during work commencement and submitted upon completion rather than withheld and submitted in large quantity; (3) Fraction of workpaper development projects for new technologies submitted for collaboration versus total number of workpapers for new technologies submitted 	TBD	3	<p>SDG&E’s workpaper process and documentation of deemed measures are a mixture of very high and very low points. On one hand, SDG&E is aggressively attempting to submit workpapers and supporting data that takes full advantage of available data already included in the ex ante database (EADB). However, there are some significant problems in the current approach. For lighting measures, SDG&E prepares two “master” workpapers, one for residential and one for nonresidential, that provide the backup documentation for the measures included in all other lighting workpapers. However, measures in the master workpapers often cannot be aligned with those in the workpapers due to inconsistent naming and identification. While SDG&E is probably the furthest along in using its EADB submittals to document measures, there is still not enough information in the EADB submittals to clearly identify the measures and determine if they have been properly disclosed to the Commission prior to offering them in programs. Finally, there are clearly some measures for LED tube replacements included in deemed claims without a workpaper having been uploaded to the Workpaper Project Archive (WPA).</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>Commission staff is also concerned with the growing number of lighting measures that are moving to custom. It is unlikely that that adequate M&V has been performed on this large number of claims. D.12-05-015 requires the use of DEER methods for lighting measures (specifically DEER building types) and provides for the development of additional building types based on adequate data.</p> <p>SDG&E does not provide monthly updates on workpaper development activities. This may be because their internal workpaper development activities are small compared to other IOUs. Additionally, SDG&E, jointly with the other IOUs, provided a list of expected workpaper/ex ante values update that would be submitted in accordance with the DEER2014 code update. About 90% of all workpapers were submitted in a single group. Commission staff believes this large submittal was unavoidable due to the requirements of the DEER code update. Additionally, 2014 represented an important transitional year to the ex ante database as the method of submitting workpaper ex ante values for Commission staff review. SDG&E has submitted periodic updates to the EAdb which is an improvement over 2013.</p> <p>SDG&E has increased its efforts to involve Commission staff in significant revisions to, or development of new, workpapers. However, Commission staff is concerned</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					that some workpapers are being submitted for review to the California Technical Forum (CaTF) that do not include consideration, analysis or revisions based on previous Commission staff review.
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the post-submittal/implementation phase: Timing of responses to requests for additional information	Percentage of workpaper reviews which experience significant delay[3] due to slow response to requests for readily available (or commonly requested)[4] additional information (higher percentage = lower score)	Good – based on EADB only	3	All IOUs and Commission staff spent a large amount of time in 2014 toward finalizing the disposition of lighting workpapers submitted in 2013. Additionally, 2014 represented an important transitional year to the ex ante database as the method of submitting workpaper ex ante values for Commission staff review. SDG&E submitted ex ante values for pre-code and post-code around July 1 st , 2014. This effort is an improvement over 2013. In its workpaper submissions, SDG&E has begun referencing its EADB submissions as the location of ex ante data, but, as described in 1a above it is often difficult to align the ex ante data to the measures described in the workpapers. While there are still areas of improvement, there has been progress in this area.
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	Percentage of workpapers that address all aspects of the Uniform Workpaper Template (as described in A.08-07-021, or any superseding Commission directive)	Good – EADB only	3	Staff has yet to develop a uniform workpaper template. At the February 26 collaboration meeting with Commission and PA staff and consultants, Commission staff made a presentation outlining objectives for developing workpaper content guidelines. Commission staff intends for these guidelines to serve as the workpaper template. One of the primary components of these guidelines is the requirement for submitting ex ante data in the EADB format. Since staff provided the preliminary assessment, SDG&E has made progress

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>toward implementing the EADB format and should be acknowledged for their efforts. While submittals are not at a level yet where the ex ante review process can be streamlined, progress should be acknowledged and the previous year’s score maintained. Finally, Commission staff points out that SDG&E has shown initiative by trying to integrate its workpaper development and EADB submissions. While there are still many gaps in their process, SDG&E’s efforts are helping to improve the overall process of integrating the submission of workpapers and ex ante data.</p>
3	<p>Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)</p>	<p>(1) Percentage of workpapers that include appropriate program implementation background as well as analysis of how implementation approach influences development of ex ante values; (2) Percentage of workpapers which, on initial submission, were found to include all applicable supporting materials or an adequate description of assumptions or calculation methods</p>	TBD	3	<p>Commission staff maintains concerns about ex ante implementations and values that assume early retirement in a deemed incentive approach as well as the use of hard-to-reach (HTR) or emerging technology (ET) Net-to-Gross (NTG) values.</p> <p>Early retirement requires evidence of the pre-existing condition, as well as a preponderance of evidence that the program activity was the cause of the early retirement. As discussed in review of the workpapers, the evidence requirements are rarely, if ever, addressed in workpapers.</p> <p>For NTG, workpapers typically list the available NTG values from DEER that may apply to the measures covered by the workpaper, but do not discuss the circumstances under which a particular NTG may be</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>claimed. There are specific categories of customers for which HTR NTG values may be claimed. ET values may only be used where specific ET projects have directly contributed to the development of measures and programs for the ET measures. The review and discussion of the specific ET efforts needs to be included in the workpapers. A simple listing of the specific reports or projects is not sufficient.</p> <p>Commission staff is concerned that direction from D.11-07-30 covering commercial cooking equipment has not been addressed. See metric 6(a) for more information. These workpapers were developed by PG&E, but they are also used to support measures in SDG&E's programs.</p>
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input	Percentage of high profile program, or high impact measure, workpapers submitted for collaboration or flagged for review	TBD	3	Commission staff is concerned with the growing number of measures being transitioned from deemed (which would require workpapers) to custom programs (as discussed in Metric 1a, above. There are also projects being developed jointly with other IOUs such as variable refrigerant flow (VRF) HVAC systems, LED tubes, and updates to the HVAC quality maintenance (QM) workpapers. PG&E is the primary developer of the Retail Plug Load Portfolio (RPP) workpaper for eventual statewide implementation and has submitted drafts of that workpaper to the California Technical Forum (CalTF) for review. For this metric, Commission staff has assumed that SDG&E is the lead developer of the LED

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>tubes workpaper development effort and therefore has given them greater consideration in the SDG&E's score than other IOUs Commission staff has concerns about due diligence of third party development work discussed in item 6a below, but generally see efforts IOUs, including SCG, for early collaboration as improving compared to 2013.</p> <p>Commission staff understands that SDG&E may not be the primary developer of some workpapers expected for statewide implementation. Nevertheless, Commission staff urges all IOUs to monitor the workpaper efforts of other IOUs if those workpapers will be used in their own programs. Commission staff reviews of workpapers and associated ESPI scores will affect the ESPI scores of any IOUs using them.</p> <p>Commission staff is also concerned that some workpapers are stagnating and not being updated to reflect standard practice. Important examples that represent high fractions of savings claims are exterior LED fixtures, high-bay LED fixtures, and high-bay T5 fixtures. The presence of low-cost loans from the CEC for exterior LED lighting and aggressive controls requirements in Title 24 may be causing a shift in standard practice that is currently being ignored in the workpapers. Commission staff expects PAs to be proactive in identifying these shifts and updating their workpapers accordingly.</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)	Frequency of inappropriate or inferior quality at the time of initial Commission staff review (higher frequency = lower score)	TBD	2.5	A review of the 2014 claims data and associated workpapers show that the issues raised during the 2013 ESPI process regarding NTG values and early retirement measures have not been resolved. The 2014 claims originating from at least 20 SDG&E workpapers incorrectly claim HTR NTG, ET NTG or early retirement. A review of the associated workpapers shows that insufficient information is provided regarding the program implementation to justify the use of these ex ante values. PAs need to provide explicit justification in workpapers for use of HTR NTG. The use of the ET NTG must be approved in advance and include an explanation of how emerging technology programs have directly influenced the development and implementation of measures. Additionally, PAs needs to explain within the workpaper how early retirement will be documented, including meeting the preponderance of evidence requirements.
6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	Quality of workpapers prepared by consultants, third parties, and local government partners submitted by IOUs	TBD	3	There was limited review of work prepared by third parties in 2014. There are several high profile workpaper projects currently under way. Most of these are joint efforts across several IOUs and include the following: LED tube replacements, the retail plug load portfolio project (RPP), HVAC variable refrigerant flow (VRF), Energy Star set-top boxes and LED menu boards. These workpapers are being developed in part through the use of consultants. Based on previous meetings and

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>a review of available materials, Commission staff highlights several concerns:</p> <ul style="list-style-type: none"> • Retail Plug Load Portfolio: (NOTE: According to the most recent PG&E presentation, SDG&E will not be participating in 2015 RPP program offerings. Therefore, this observation may not be pertinent until the 2016 program year.) The 2010 disposition for EnergyStar TVs required the examination of wholesale product costs as part of the analysis to determine likely wholesale purchasing behavior. This was not included in the RPP pilot evaluation. • Variable Refrigerant Flow: Early Commission staff input on VRF workpapers required the investigation of likely alternatives given the program assumption (which is ROB/NC/NT) and the justification for a particular technology shift over others or simply a dramatic efficiency increase of the conventional technology. Here it is important to note that few, if any, other HVAC measures provide incentives for a shift in technology. Rather they only provide incentives for an increase in efficiency over the ISP/code baseline of the same technology. • Set Top Boxes: Early Commission staff input on set-top boxes questions the presumption that a direct incentive to manufacturers or cable companies is the only effective method. • Replacement LED Tubes: Workpaper developers acknowledge that LED tubes lend themselves to

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>specific applications and are undesirable in others, but early implementation details provide little information about how the best applications will be targeted in a mass market program.</p> <ul style="list-style-type: none"> Commercial Cooking Equipment: A brief review of commercial cooking workpapers prepared by the consultant Fischer Nickel and PG&E’s Food Service Technology Center revealed that direction from D.11-07-030 for a reduction on overall savings was removed from the savings values in subsequent workpaper revisions. D.11-07-030 directed that additional research be performed to justify the original baseline assumptions. It does not appear that this research was incorporated into workpaper revisions. In fact, savings have increased for these measures over the unadjusted values originally proposed for the 2010-2012 cycle. While these workpapers are developed by PG&E, the concern still applies since SDG&E utilize the workpapers to support measures in its programs. <p>Many of the workpapers discussed above are being submitted to and reviewed by the CalTF. Commission staff sees the effort of IOUs and the CalTF for early involvement in collaboration on workpaper development and review as a potential source of improved workpaper content, but is concerned that IOU developed workpapers are being submitted to the CalTF for review</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>without any significant revisions pursuant to the previously issued Commission staff review or direction.</p> <p>Additionally, the CalTF is undertaking its own workpaper development efforts, starting with a clothes washer recycling workpaper. No CalTF developed or “approved” workpapers have been formally submitted for Commission staff review to date, therefore Commission staff has not given them weight in their scoring. However, input is provided now so that SDG&E may make any consider and incorporate revisions based on previous Commission staff input and direction in the event SDG&E chooses to submit any of these workpapers for approval.</p> <p>Additionally, the CalTF is accepting workpaper submissions from non-IOU entities, such as a clothes washer recycling workpaper, for example. Commission staff provided input for the clothes washer recycling workpaper abstract. The workpaper author has included this input in the first draft of the workpaper available on the CalTF website. Meeting notes indicate that the CalTF intends to investigate Commission staff concerns about how the recycling effort will impact the secondary market for clothes washers, but the notes don’t indicate how they will address other Commission staff concerns. It appears the the CalTF has approved this workpaper for one year pending investigation of only one of many Commission staff concerns. If non-IOU developed</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					workpapers are intended to become IOU submissions for Commission staff review, SDG&E is expected to ensure those workpapers meet CPUC policy and previously issued guidance and address all Commission staff concerns.
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	<p>(1) Percentage of workpapers which required changes to parameters of more than 10% or required substantial changes to more than two parameters among UES, EUL/RUL, NTG, impact shape, or costs;</p> <p>(2) Percentage change from IOU-proposed values to ED-approved values (higher percentage = lower score)</p>	TBD	3	<p>Commission staff performed a review of the 2013 claims as part of the review of IOU advice letters for covering the deemed ESPI incentive payments. Commission staff also performed a similar review of the first three quarters of claims for 2014. In both cases, Commission staff discovered a significant number of claims for high NTG values (HTR and ET) which we believe should have been assigned the lower default values. As the workpapers likely include implementations for both HTR and default NTG values, it is difficult to assign corrections for HTR values to this metric. The final application of the correct NTG depends on specifics of the actual installation. On the other hand, ET NTGs would have likely been revised to the lower values.</p> <p>Commission staff has a general concern about the use of cost data that was included in DEER2008, but removed from DEER2011. IOUs continue to reintroduce this cost data through workpapers, with little if any due diligence to determine if that data is still reasonable.</p> <p>Commission staff acknowledges the difficulty in assigning a score here since, in 2014, cost and NTG</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					values were not explicitly reviewed. However, the general concerns lead the staff to keep the score for this metric the same as 2013.
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience	Percentage of workpapers with analysis of existing data and projects that are applicable to technologies covered by workpaper	TBD	3	The investigation of industry standard practices and the use of timely and relevant data will be a focus of workpaper review moving forward. D.12-05-015 (at 350) emphasizes the need to determine both the ISP and code baselines and consider using ISP where it represents a more efficient baseline than code. Lighting retrofits, package HVAC replacements and new appliance purchases are all areas where results of EM&V efforts indicate that ISP exceeds code, yet all workpapers examined assume minimally code compliant baselines. During the 2013 ESPI review, Commission staff expressed a concern with the practice of reintroducing in workpapers measures and values from an earlier version of DEER that had been removed with the adoption of DEER 2011. Commission staff is concerned about the continued use of DEER2008 costs. These were removed from DEER2011. Commission staff does not want to prohibit the use of DEER2008 costs; however, PAs should perform due diligence and investigation to determine if those costs are still reasonable, seven years after their publication.
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated	Frequency of revisions to workpapers in response to (and/or appropriate and well-defended rejection of) CPUC reviewer's recommendations	TBD	3	Commission staff sees room for improvement in this area. Workpapers that incorporate early retirement savings values do not address previous staff guidance in some cases.

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>On the positive side, SDG&E was cooperative in its efforts to incorporate revisions to their lighting measures in response to the comprehensive lighting disposition. Commission staff was disappointed with the protracted discussions associated with resolving the lighting disposition, and this is a case where SDG&E's score has been adversely affected by the delays in the overall resolution.</p>
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods	Percentage of workpapers, including those covering new or modified existing measures, that appropriately incorporate DEER assumptions and methods	TBD	3.5	<p>SDG&E identified and updated all workpapers where savings needed updates due to the 2014 DEER code update. Commission staff generally perceives SDG&E's efforts in this area as about the same as 2013 and therefore maintains the 2013 score. SDG&E has increased its efforts to provide ex ante data in the correct format, which includes references to DEER data instead of resubmitting DEER data. Commission staff perceives a desire on the part of SDG&E to eliminate any process that simply resubmits DEER data and is working to improve related internal processes.</p>
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products	Percentage of workpapers including analysis of previous activities, reviews and direction	TBD	3.5	<p>SDG&E identified and updated all workpapers that referenced weather sensitive DEER measures. DEER2014 incorporated recent Title 24 weather file updates.</p> <p>With regard to specific on-going development efforts, one area where it appears that incorporation of</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>previous reviews could be improved is in the area of lighting technology costs. Commission staff reviews including D.11-07-030 for linear fluorescent technologies and the 2012 disposition covering screw-in and MR-16 LED lamps discuss lighting costs. Commission staff is aware of IOU research that is nearing completion on LEDs, which may address cost concerns for those technologies.</p> <p>Commission staff has some concerns related to workpapers currently under development, particularly those being developed by consultants or under the auspices of the CalTF. Refer to the discussion under metric 6(a) for more information.</p>

Final 2014 Efficiency Savings and Performance Incentive – Ex Ante Performance – Custom Project Scores –

San Diego Gas and Electric

Metric	Description	Custom Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting	(1) Percentage of projects in quarterly or annual claims that were reported in the CMPA twice-monthly list submissions; (2) Percentage of projects for which there is a two weeks or less difference between the application date and the date reported in the CMPA; (3) Percentage of tools used for calculations disclosed prior to use	Good	4	Commission staff did not complete a comprehensive claims review. This is in part due to the extensive effort required to translate the IOUs' claims into a reviewable format. Commission review staff and the IOUs need to work out a better process and content for custom claims to facilitate this review in the future. SDG&E appears to be disclosing custom projects in its CMPA submissions
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11 07-030, D.12 05-015, etc.) in the post-submittal/ implementation phase: Timing of responses to requests for additional information	Percentage of projects which experience significant delay due to slow response to requests for readily available (or commonly requested) additional information (higher percentage = lower score)	Good	3	There were a total of 36 projects with activity in 2014 that replied to prior disposition action requests. In 17 instances, representing 10 projects, SDG&E provided inadequate follow-up to prior review findings. For these projects, either the submitted documents did not provide the requested information, did not follow Commission staff guidance, inadequately addressed the issues, or did not address the identified issues at all. Staff would like to see further SDG&E improvements in this area.
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	(1) Percentage of custom project submissions that show standardization of custom calculation methods and tools; (2) Development and/or update of comprehensive internal (to IOUs, third parties, and local	Good	4	SDG&E continued to improve its review process as evident from the reduction in the rejection of projects for eligibility. Among the 36 projects with 2014 activity, there were only three instances, for two specific projects, where project eligibility issues were identified.

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		government partners, as appropriate) process manuals/checklists and QC			
3	Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)	Number of repeated formal requests for additional documentation for project information and/or reporting claims that support ex ante review activities (fewer requests = higher score).	Good	4	Among the projects with 2014 activity, only two required more than three written requests for information to complete the review. However, as denoted under Metric 1b, the submitted responses are not always adequate and/or complete since eight projects required either three or more dispositions to complete the review process.
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input	Percentage of large high impact projects or measures referred to CPUC early or flagged for review	Good	4	SDG&E referred four projects to Commission staff for early opinion reviews (11% of project review activity in 2014). Two projects, SBD Project 5001230752 and Low Rigor ISP study for EEBI 5831 for VSD as ISP for municipal potable water systems had very legitimate concerns to bring to staff's attention.
5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)	Frequency of inappropriate or inferior quality documentation on project eligibility, baseline determination, program influence, use of custom elements in projects, assumptions and data supporting savings, and project costs (higher frequency = lower score)	Good	4	SDGE continues to submit inadequate measure cost documentation, 21 instances across 15 projects with activity in 2014, including inadequate first/second baseline costs, missing IMC data, and missing itemized measure cost documentation support. There were 28 instances of missing measure life information. There were 25 instances of inadequate calculation methodologies and 31 instances of inadequate impact estimates including where either the submitted energy modeling was incorrect,

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					calculation methods or assumptions were inadequate, or the submitted calculations were in a PDF formatted document rather than in an unlocked calculation spreadsheet with reviewable formulas.
6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	Quality of custom project estimates prepared by customers, third parties, and local government partners submitted by IOUs	Good	3	Overall the quality of documentation from non-Core projects is weaker than the quality of documentation of the core projects. Staff reviews continue to identify 3P projects with minor to significant issues.
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	(1) Percentage of Projects requiring three reviews or re-requests for supporting information commonly requested; (2) Percentage of projects for which IOU-proposed savings and ED-approved savings differ by 20% or more (higher percentage = lower score)	Good	3	This performance is the same as 1b and 3. In 2014, there were four projects (X115, X168, X224, and X489) that required staff adjustments at the final disposition phase. These were generally inadequate PA calculations and/or assumptions and in all cases they were minor issues.
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience	Percentage of custom projects that use data sources and methods per standard research and evaluation practices	TBD	4	The need to use standard research and evaluation practices in custom projects arises mainly for industry standard practice (ISP) studies. Staff requested SDG&E conduct a low rigor ISP on EEBI 5831. SDG&E initiated an ISP study on VSD for municipal potable water systems. SDG&E should be more proactive in conducting ISP studies.
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of	(1) Frequency of improved engineering/M&V methods and processes resulting from	Good	4	SDG&E continues to improve in this area from 2013. SDG&E's responses to data requests tend correct the

Metric	Description	Custom Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
	incorporation of comments/input, feedback on why comments/input were not incorporated	(and/or appropriate and well-defended rejection of) CPUC reviewer's recommendations; (2) Percent of projects in custom reviews that reflect guidance provided in prior reviews			issues previously identified. Staff looks forward to SDG&E's continued improvements in this area.
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods	Percentage of custom projects including, and not limited to, new or modified existing technologies or project types that appropriately incorporate DEER assumptions and methods	Fair	3	The percentage of custom projects that appropriately incorporate DEER assumptions and methods could be identified more thoroughly from a review of claims and sampled projects. Staff has not undertaken a claims review yet. However, staff has observed that issues with the use of DEER are related to EULs. There were 21 instances across 13 projects that did not provide EUL values. SDG&E needs to improve in this area moving forward.
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products	Percentage of projects identified in claims review that were implemented per CPUC directions in previous reviews	Good	4	A comprehensive claims review has not been undertaken for 2014. Commission review staff and SDG&E need to work out a better process and content for custom claims to facilitate this review in the future. The score for this metric reflects our overall view that SDG&E is making an effort to meet.

2014 Efficiency Savings and Performance Incentive Ex Ante Performance – Custom Project Dispositions – San Diego Gas and Electric

The tables on the following pages provide a summary of dispositions issued during the custom review process in 2014 and 2013. Dispositions were issued at several phases of projects activities: phase 1 is a disposition after the initial project documentation submission and before a customer agreement is in place; phase 2 is normally after a customer agreement is in place and before the project is installed; phase 3 and later is often after the project is installed and prior to the final savings estimates being “frozen”. The tables are presented in pairs with the left side of the page being a summary of dispositions issued in 2014 and the right side of the page being a summary of the dispositions issued in 2013. In this way the ratings of the content of dispositions issued in the two years may be compared. The first pair of tables cover dispositions issued for all phases; the second though fourth pairs of tables cover dispositions issued for phase 1 through 3 respectively.

There are three levels of rating when a disposition covered an area:

1. Adequate - No issues
2. Inadequate - Minor issues
3. Inadequate - Significant issues

There are twelve areas of rating (plus the weighted average rating – weighted by the number of dispositions issued for each area):

1. Project Type Assignment – an assessment of the IOU assignment of project type (New Construction, Replace-on-burnout/Normal Replacement, Early Retirement, Capacity Expansion, Add-on Retrofit)
2. Previously Requested Action – an assessment if this IOU submission appropriately follows or complies with the previously issued guidance or disposition requirements
3. Measure Description – an assessment of the accuracy and quality of the IOU description of the project and/or the measures being installed
4. Eligibility by Policy or Rules – an assessment of proper IOU assessment of application of CPUC policy and IOU program rules to the eligibility of the project and/or measure for EE incentives
5. Baseline Assessment – an assessment of the IOU proposed baseline for savings estimates
6. Costs Assessment – an assessment of IOU supplied project/measure costs and any related cost calculations or limitations on incentives
7. Measure Life Assessment – an assessment of IOU proper selection or evaluation of EUL and/or RUL values
8. Calculation Methodology m- an assessment of the appropriateness of the proposed or utilized calculation methodology
9. Pre-Install Impacts Estimate – an assessment of the appropriateness or accuracy of the pre-installation methods (the calculation assumptions or values used not the method used as that is in item above)
10. M&V Plan – an assessment of the appropriateness and quality of the proposed M&V plan
11. Completed M&V – an assessment of the quality and appropriateness of M&V executed (the actual work done exclusive of the plan covered under the item above)
12. Adjustment to Final Impacts - an assessment of the level of adjustment needed to be made to the IOU proposed post-installation final savings estimates

SDG&E - Percent at each rating type of issues identified based on 28 dispositions issued in 2014 at phase(s): All				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	72%	22%	6%	18
Previously Requested Action	50%	29%	21%	14
Measure Description	81%	13%	6%	16
Eligibility by Policy or Rules	93%	0%	7%	15
Baseline Assessment	63%	0%	38%	16
Costs Assessment	42%	42%	16%	19
Measure Life Assessment	46%	31%	23%	13
Calculation Methodology	44%	33%	22%	18
Pre-Install Impacts Estimate	45%	20%	35%	20
M&V Plan	45%	27%	27%	11
Completed M&V	40%	0%	60%	10
Adjustment to Final Impacts	25%	75%	0%	4
Has rating in any Area	96%	75%	54%	24
Has a 2 or 3 rating in any area		88%		24

SDG&E - Percent at each rating type of issues identified based on 9 dispositions issued in 2014 at phase(s): 1				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	86%	14%	0%	7
Previously Requested Action	100%	0%	0%	1
Measure Description	78%	22%	0%	9
Eligibility by Policy or Rules	100%	0%	0%	8
Baseline Assessment	75%	0%	25%	8
Costs Assessment	33%	50%	17%	6
Measure Life Assessment	50%	50%	0%	6
Calculation Methodology	63%	38%	0%	8
Pre-Install Impacts Estimate	38%	38%	25%	8
M&V Plan	20%	40%	40%	5
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	100%	0%	1
Has rating in any Area	100%	78%	44%	9
Has a 2 or 3 rating in any area		100%		9

SDG&E - Percent at each rating type of issues identified based on 17 dispositions issued in 2013 at phase(s): All				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	69%	15%	15%	13
Previously Requested Action	13%	75%	13%	8
Measure Description	75%	8%	17%	12
Eligibility by Policy or Rules	91%	0%	9%	11
Baseline Assessment	47%	18%	35%	17
Costs Assessment	54%	31%	15%	13
Measure Life Assessment	13%	60%	27%	15
Calculation Methodology	36%	29%	36%	14
Pre-Install Impacts Estimate	20%	27%	53%	15
M&V Plan	25%	58%	17%	12
Completed M&V	0%	50%	50%	2
Adjustment to Final Impacts	0%	100%	0%	1
Has rating in any Area	100%	82%	65%	17
Has a 2 or 3 rating in any area		100%		17

SDG&E - Percent at each rating type of issues identified based on 9 dispositions issued in 2013 at phase(s): 1				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	75%	0%	25%	8
Previously Requested Action	0%	0%	0%	0
Measure Description	63%	13%	25%	8
Eligibility by Policy or Rules	89%	0%	11%	9
Baseline Assessment	44%	0%	56%	9
Costs Assessment	50%	25%	25%	8
Measure Life Assessment	13%	75%	13%	8
Calculation Methodology	44%	22%	33%	9
Pre-Install Impacts Estimate	22%	11%	67%	9
M&V Plan	14%	57%	29%	7
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	78%	78%	9
Has a 2 or 3 rating in any area		100%		9

SDG&E - Percent at each rating type of issues identified based on 6 dispositions issued in 2014 at phase(s): 2				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	60%	20%	20%	5
Previously Requested Action	50%	17%	33%	6
Measure Description	67%	0%	33%	3
Eligibility by Policy or Rules	75%	0%	25%	4
Baseline Assessment	50%	0%	50%	4
Costs Assessment	50%	33%	17%	6
Measure Life Assessment	75%	25%	0%	4
Calculation Methodology	20%	20%	60%	5
Pre-Install Impacts Estimate	20%	20%	60%	5
M&V Plan	50%	25%	25%	4
Completed M&V	0%	0%	100%	3
Adjustment to Final Impacts	100%	0%	0%	1
Has rating in any Area	100%	67%	50%	6
Has a 2 or 3 rating in any area		83%		6

SDG&E - Percent at each rating type of issues identified based on 5 dispositions issued in 2014 at phase(s): 3				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	67%	33%	0%	3
Previously Requested Action	40%	40%	20%	5
Measure Description	100%	0%	0%	1
Eligibility by Policy or Rules	100%	0%	0%	2
Baseline Assessment	100%	0%	0%	1
Costs Assessment	75%	25%	0%	4
Measure Life Assessment	0%	0%	100%	1
Calculation Methodology	33%	33%	33%	3
Pre-Install Impacts Estimate	67%	0%	33%	3
M&V Plan	100%	0%	0%	2
Completed M&V	50%	0%	50%	4
Adjustment to Final Impacts	0%	100%	0%	2
Has rating in any Area	80%	80%	60%	5
Has a 2 or 3 rating in any area		80%		5

SDG&E - Percent at each rating type of issues identified based on 6 dispositions issued in 2013 at phase(s): 2				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	75%	25%	0%	4
Previously Requested Action	17%	67%	17%	6
Measure Description	100%	0%	0%	3
Eligibility by Policy or Rules	100%	0%	0%	2
Baseline Assessment	67%	33%	0%	6
Costs Assessment	50%	50%	0%	4
Measure Life Assessment	17%	50%	33%	6
Calculation Methodology	25%	25%	50%	4
Pre-Install Impacts Estimate	20%	60%	20%	5
M&V Plan	25%	75%	0%	4
Completed M&V	0%	0%	100%	1
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	83%	50%	6
Has a 2 or 3 rating in any area		100%		6

SDG&E - Percent at each rating type of issues identified based on 2 dispositions issued in 2013 at phase(s): 3				
Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	0%	100%	0%	1
Previously Requested Action	0%	100%	0%	2
Measure Description	100%	0%	0%	1
Eligibility by Policy or Rules	0%	0%	0%	0
Baseline Assessment	0%	50%	50%	2
Costs Assessment	100%	0%	0%	1
Measure Life Assessment	0%	0%	100%	1
Calculation Methodology	0%	100%	0%	1
Pre-Install Impacts Estimate	0%	0%	100%	1
M&V Plan	100%	0%	0%	1
Completed M&V	0%	100%	0%	1
Adjustment to Final Impacts	0%	100%	0%	1
Has rating in any Area	100%	100%	50%	2
Has a 2 or 3 rating in any area		100%		2

